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ABSTRACT

Recent urban redevelopment efforts in Chicago (Illinois) have often come at the expense of current low-income residents as upscale living replaces businesses and homes and raises rents. Local Community Development Organizations (CDOs) offer an alternative path to economic development by being a foundation for neighborhood efforts that meet the needs of community residents. Resources for CDOs come from a variety of sources, chief among them being the public sector and the Federal government. Data for Chicago show that funding for neighborhood-level economic development activities in Chicago has been relatively meager, because of both competing interests in the city budget and a lack of Federal commitment to rebuilding the inner city. Data also show that the economic neighborhood development resources expended through the City of Chicago's corporate budget are concentrated in high-income areas. This report highlights neighborhoods that should receive greater levels of support for economic development. If sufficient proposals have not come from these communities, the City, foundations, and civic organizations should take the lead to create and assist CDOs to generate development. Five appendixes provide tables of data about neighborhood development. (Contains 2 tables, 5 maps, and 20 appendix tables.) (SLD)

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Chicago Urban League
Department of Research and Planning

ED 404 414

CAPACITY BUILDING FOR NEIGHBORHOOD DEVELOPMENT

AN ANALYSIS OF THE CHICAGO APPROACH

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Executive Summary

Recent urban redevelopment efforts in Chicago have, more often than not, bypassed poor and minority neighborhoods. When redevelopment has come to inner-city areas, it frequently arrives at the expense of the current low-income residents. Low-rent housing is razed for stadiums and other economic development projects, upscale living displaces manufacturing facilities, and high-end commercial uses bid up rents in neighborhood business districts.

Local community development organizations (CDOs)[1] offer an alternative path to economic development. CDOs can form the foundation for neighborhood development efforts that meet the employment, commercial, and housing needs of community residents.

Resources for CDOs are derived from a variety of sources, chief among them is the public sector. CDO activities are funded with federal dollars that arrive in the form of block grants over which state and local governments have substantial leeway to direct. Much of the federal funds for economic development are used for projects that are intended to serve the City as a whole. However, important targeted economic development activities are carried out in inner-city neighborhoods with relatively small sums of money by local delegate agencies. Federal funds flowing through the City of Chicago to community organizations have resulted in innovative economic development projects that have led to the formation of local businesses, neighborhood infrastructure improvements, technical assistance to area firms, and economic development demonstration projects.

Although there have been important successes, data show that funding for neighborhood-level economic development activities in Chicago has been relatively meager, both because of competing interests within the City budget, and because of a lack of federal commitment to rebuilding inner cities. Despite growing poverty and rising minority unemployment, economic development allocations for community development efforts have generally decreased in real terms. There is strong demand for resources for neighborhood-level economic development projects and federal, state and local resources would be well-invested there.

Data also show that neighborhood economic development resources expended through the City of Chicago's corporate budget are concentrated in higher-income areas. Although there is a need to maintain the economic vitality of all City neighborhoods, areas with extensive and continuous job loss and persistent poverty should receive greater levels of economic development resources. Data presented herein highlight neighborhoods that should receive priority funding for neighborhood-level economic development funding. Should it be the case that sufficient numbers of project proposals have not emanated from these communities, then the City, foundations, and civic organizations should take the lead in creating and assisting community-based organizations that could generate economic development projects.

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[1]CDOs strive to improve economic conditions of the communities they serve through a variety of job creation, business development, and infrastructure improvement programs. CDOs would include business associations, community development corporations, industrial commissions, and local chambers of commerce.

Community Development Organizations: Capacity-Building Approaches to Economic Revitalization

Urban areas throughout the nation have undergone a series of economic shifts resulting in a loss of manufacturing jobs, a rise in persistent unemployment, and an accelerated pace of disinvestment. These negative impacts of economic restructuring have disproportionately been felt in poor, inner-city neighborhoods. As firms close down or relocate to suburban areas, other states, or foreign countries, inner-city employment prospects diminish, wealth accumulation levels are reduced, and neighborhood residents are left with few resources with which to stimulate local economic activity.

Many public sector strategies designed to reverse economic decline in inner-city neighborhoods have focused on devising and marketing location incentives to attract capital. Over the past several decades, federal, state and local governments have provided resources for economic improvements in low-income neighborhoods to attract capital investment. This approach is consistent with traditional public sector strategies for stimulating economic development that have focused on promoting the relocation of branch plants, attracting corporate headquarters, and redeveloping downtown business districts.

Efforts to improve economic conditions in inner-city neighborhoods are not confined to those initiated by the public sector. Local community development organizations (CDOs) are increasingly playing an important role in defining economic development priorities, attracting investment, and carrying out development activities.[2] Some CDOs are involved in promotion and marketing activities that are similar to traditional public sector economic development policy. These efforts are designed to attract capital investment, both private and public, to neighborhoods served by CDOs. It is assumed that additional capital will increase employment opportunities in areas that have suffered significant job losses. The economic development orientation of many other CDOs is somewhat different. Rather than focusing on outside capital, these CDOs are involved in building local capacity through the creation, retention and expansion of homegrown enterprises. New economic activity is expected to generate employment opportunities, increase wealth accumulation levels, and stabilize neighborhoods.

In undertaking community improvement activities, CDOs place great emphasis on the development of local institutions through which neighborhood residents can participate in community development. Building neighborhood capacity so that the stakeholders in a community -- local residents and business owners -- can direct economic development is perhaps the most significant feature associated with CDOs. Capacity-building efforts include leadership development, encouraging community participation in neighborhood activities, and

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[2]CDOs are community controlled non-profit organizations involved in the revitalization of industrial, commercial and residential areas. Jean Pogge and Maria Choca, *The Long Term Future of Resources for Chicago's Community Development Corporations*, Chicago: Woodstock Institute, January 1991, p. 5.

enhancing technical skills in areas such as financing, marketing, organizing and coalition building, and strategic planning for the redevelopment of their communities.

Community Development Activities Carried Out by CDOs

Economic development strategies employed by CDOs can be grouped into two broad categories: business development and community empowerment.[3] CDOs involved in business development activities identify for-profit ventures as the main source of employment and income in an area. Business development activities are directed at revitalizing targeted industries to create employment opportunities for area residents. Community empowerment activities are directed at a more holistic development approach that goes beyond "bread and butter" economic issues. Empowerment strategies focus on the capacity to plan and coordinate all aspects of community development including housing, education, the environment, and employment.

CDOs in low-income neighborhoods often must combine both approaches to community development. Many low-income neighborhoods are characterized by physical deterioration of residential and commercial areas, declining employment bases, increasing poverty rates, and only modest economic activity. In addition, few residents in low-income neighborhoods possess the management experience and financial resources needed to start and maintain a business. Furthermore, because the community is poor, its residents are less likely to have family or friends with the financial resources necessary to fund a new business venture. The net impact of these factors is a self-reinforcing pattern of under-investment in low-income neighborhoods. CDOs that serve residents in low-income communities must address many of these problems simultaneously through capacity-building economic development and empowerment strategies.

CDOs provide services to various neighborhood constituencies including businesses, business associations, and residents. Services provided include:

- supporting the development of small businesses and cooperatives
- organizing activities of constituent organizations and groups
- providing technical assistance
- developing and managing housing developments and other neighborhood improvements
- providing social, educational and other services in support of community development activities
- advocating for neighborhood interests
- serving as conduits for funds from public sector economic development programs

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[3]UIC Center for Urban Economic Development, *Community Economic Development Strategies: A Manual for Local Action*, Chicago: University of Illinois-Chicago, 1987, pp. 2-4.

Funding for Community Development Organizations

Most CDOs operate on small annual budgets. The types of services provided are usually labor intensive which means that the great majority of CDO budgets must be used to cover employee wages and benefits.

The scale of activities undertaken by CDOs varies considerably. Some CDOs have been able to secure the financial resources necessary to undertake large-scale development projects. However, few have yet to demonstrate the capacity for generating the necessary financial resources to make themselves self-sufficient, and/or harness capital from within a neighborhood to carry out internally generated economic development projects.[4] This is especially true of CDOs in low-income neighborhoods where the economic support base is low. Consequently, CDOs by themselves have had difficulty addressing the extreme poverty that exists in many Chicago neighborhoods.[5] To be more successful, CDOs will require assistance from adequately funded public and private sector programs as well as from viable, active local business associations. It is unrealistic to expect that CDOs, by themselves, can adequately address problems of poverty, unemployment, and blighted conditions that plague distressed neighborhoods. In order to be more successful, CDOs need to work in partnership with the public, private and philanthropic sectors, foundations, and have the support and participation of the residents in the communities they serve.

Changes in Funding for CDOs

Federal support for inner-city economic development has declined dramatically since 1980, and support from the State of Illinois and Cook County has never been substantial. For these reasons, the primary responsibility for neighborhood development has fallen on local government and the non-profit sector. While some local communities have been more successful than others in filling the void left by declining federal support, economic development initiatives in low-income neighborhoods have been hampered by multiple barriers, including the limited financial resources of community residents.

Revenues for CDOs generally come from five sources: local support (fees, special service areas, income from fundraising events, and interest); service income (developer fees, loan packaging fees, management fees, etc.); foundations and corporations; and government. Historically, economic development organizations have relied more on government sources of funding than on other sources. Typically, the longer an organization has been working to

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[4]Robert Giloth, Charles Orlebeke, James Tickell, and Patricia A. Wright, *Choices Ahead: CDCs and Real Estate Production in Chicago*, University of Illinois-Chicago Nathalie P. Voorhees Center for Neighborhood and Community Improvement, May 1992.

[5]Betty Brown-Chappell, Major Coleman, Matthew Lawrence, and Alec Peters, *Community Organizations in Chicago: A Report on Community Based Economic Development and Job Creation*, University of Chicago Center for Urban Research and Policy Studies, Fall 1988.

secure public and private sector grant income, the more successful it becomes in securing additional grants.[6] Those organizations that receive substantial grant income often develop a strong service-income support base. These findings make clear the importance of public and private sector funding for CDOs serving distressed communities. If CDOs in these communities are to develop the capacity for long-term success, it is unlikely that low-income neighborhoods can be the primary source of financial support.

History of City of Chicago Support for CDOs

In 1983 the City of Chicago funded 35 community-based business development organizations known as delegate agencies. Delegate agencies are organizations designated by the City of Chicago to administer programs that accomplish the City's priority objectives in the areas of social services and community development. Based on the City's philosophy of encouraging development in neighborhoods, the delegate agency program was expanded by the Department of Economic Development (DED). Within two years, the number of organizations involved in community development as delegate agencies grew to 100.[7] In 1993 there were 114 organizations that received funding from DPD.

The expansion of delegate agency participation that started in 1983 brought four types of organizations into partnership with the City: local business organizations in low- and moderate-income neighborhoods; organizations involved in fields such as housing that had broadened their work to include direct business assistance; business development organizations in very low-income neighborhoods such as public housing developments; and technical assistance providers that work with community-based organizations.[8]

Delegate agencies that have succeeded in increasing business service capacity for their neighborhoods have been rewarded with increased funding and greater latitude in executing funded activities. When delegate agencies progressed to what DED considered to be the final stage of development, assistance was pulled out of the organization and the agency performed funded activities independently. At this point, the organization was considered to be the City's first line of contact with businesses located outside of the downtown area.[9]

In addition to the delegate agency program, the City also instituted the Local Industrial Retention Initiative (LIRI) program. LIRI began with the identification of several community organizations and local industrial councils that demonstrated the strongest organizational

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[6]Pogge and Choca, *The Long Term Future of Resources for Chicago's Community Development Corporations.*

[7]Robert Mier and Kari J. Moe, "Decentralized Development: From Theory to Practice," in Pierre Clavel and Wim Wiewel, eds., *Harold Washington and the Neighborhoods: Progressive City Government in Chicago, 1983-1987*, New Brunswick, New Jersey: Rutgers University Press, 1991, pp. 64-99.

[8]*Ibid.*

[9]*Ibid.*

capacity to increase industrial retention efforts. DED along with LIRI organizations developed a methodology to strategically undertake industrial retention. This methodology was based on three broad questions: 1) which businesses should be approached? 2) what can be done to assist local firms? and 3) how can more confidence in the City be developed?

The rapid expansion of the use of CDOs in community economic development activities also required evaluation of their performances by DED staff and staff from the regional HUD office. Although differences existed in terms of capacity to perform and stage of development for the organizations participating in the LIRI program, very few organizations were found to be performing inadequately.

City of Chicago Support for CDOs

Public sector funding for community economic development has evolved over the last three decades. During this time, government has assumed a dual role as program developer/funder with respect to CDO initiatives.[10]

The City of Chicago has the greatest public sector role in community economic development activities that are important to local CDOs. In addition to administering a few Cook County programs, the City administers federal CDBG funds (see Appendix A) and revenues from other federal and state programs, allocates resources from its corporate budget, and raises revenues for economic revitalization through General Obligation Bonds. CDOs play a very important role in gaining access to City program funds for their communities.

City of Chicago 1994 Budgeted Program Priorities

Primary responsibility for stimulating economic development and job growth in Chicago neighborhoods rests with the City of Chicago Department of Planning and Development (DPD). DPD has developed 1994 priorities that are to be accomplished through the following programs:

- Policy, Research and Planning, a $2,019,219 program which provides strategic direction and conducts physical and capital planning, applied economic, social and demographic research and analysis for public and program development.

  Neighborhood Services, a $4,912,203 program that develops policies and programs for Chicago neighborhoods which will promote a high quality of life for Chicago residents, and works with neighborhood clubs, organizations, and individual citizens as well as citywide agencies and other governmental units to achieve this goal.

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[10]John J. Betancur, Patricia A. Wright, and Deborah E. Bennett, *Effectiveness of Community Economic Development: Issues and Players*, Chicago: University of Illinois-Chicago Center for Urban Economic Development, 1990, pp. 28-31.

- Community Development, a $3,919,434 program that implements redevelopment activities in all designated non-industrial redevelopment areas throughout the City, including commercial districts, urban renewal areas, conservation areas, and tax increment financing areas.

- Business Services, a $799,483 program that fosters the city of Chicago's link to its business community, and provides services to assist new businesses to either relocate to Chicago or start-up within the City.

- Zoning, a $669,267 program that provides ordinance-mandated technical review for several major development permitting functions; processes all Planned Development and Lakefront Ordinance applications that are submitted for Chicago Plan Commission review and approval; provides recommendations on all zoning changes before the City Council Committee and the Zoning Board of Appeals; and is responsible for zoning oversight of major downtown development projects, including Navy Pier and McCormick Place.

- Finance, a $5,788,171 program that assists in stabilizing and improving the local economy by creating and retaining jobs in Chicago communities, which includes the administration of seven separate loan programs; taxable and tax-exempt bond financing; Special Service Area designations; enterprise zone incentives and designations; Cook County Class 6 (a) and (b) designations; the coordination and review of tax increment financing; and the management of the department's $80 million economic development loan portfolio; and the coordination of the City's Industrial Park/Tax Increment Financing Program.

- Industrial Development, a $6,877,843 program that provides incentives/ technical assistance for industrial real estate development including infrastructure, land assembly, demolition, remediation and relocation. Provides commercial area assistance through streetscaping facade rebate.

Overall Funding for Planning and Economic Development Agencies

In 1993 the Chicago Department of Planning and Development (DPD) provided funding to 114 agencies to assist with various types of business development, community planning, and technical assistance activities. Of the 114 grants that were distributed, 88 were from CDBG funds, and 26 were from the City's Corporate Budget.[11]

Total funding for agencies in 1993 was $3,032,000. Sixty-six CDBG grants were for technical assistance groups and 22 were planning grants. The 88 grants funded through CDBG totaled $2,584,500, $2,314,500 for technical assistance groups and $270,000 for planning grants. The 26 agencies funded through the Corporate Budget received $448,000.

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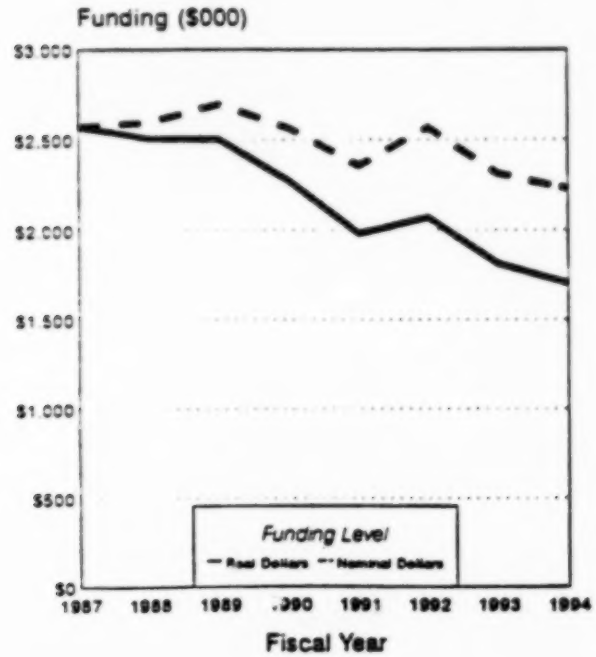
[11]The corporate fund is the City's general operating fund and is used to fund essential city services. Corporate budget revenue is derived from local taxes (e.g., property taxes, utility taxes, sales taxes, etc.).

Community Development Block Grant Revenue

Annual levels of CDBG funding to delegate agencies for technical assistance in Chicago have remained fairly constant during the past five years. Funding peaked in 1989 at $2.7 million and reached a low of less than $2.4 million in 1991.[12] In 1993 community organizations received approximately $2.6 million (this figure does not include planning grants).

When funding levels are evaluated from 1987 to 1994 using nominal data, a pattern of increases and decreases emerges with the highest level reaching $2,700,000 in 1989, and the lowest level falling to $2,228,000 in 1994. When funding levels are adjusted for inflation, a more distressing picture emerges.[13] As shown in Figure 1, when adjusted for inflation, CDBG funding has declined significantly since 1987. In 1987 dollars, the 1994 allocation to delegate agencies in Chicago falls from $2,572,000 to $1,700,763, a 34 percent reduction.

Figure 1
Funding for Delegate Agencies
Community Development Block Grant



[12]Figures do not include monies distributed through CDBG Planning Grants.

[13]Inflation adjustment was based on the "Consumer Price Index, U.S. city average, all items and major groups," *Monthly Labor Review*, U.S. Department of Labor Bureau of Labor Statistics, May 1993.

CDBG Planning Grants. CDBG funding provides additional monies for Planning Grants. In 1993 the City of Chicago distributed $270,000 in Planning Grants to local organizations.

Corporate Budget

Unlike CDBG funding, funding for CDOs through the City of Chicago's Corporate Budget has varied considerably during the past five years (Figure 2).[14] Following an increase in funding from $250,000 in 1987 to $435,000 in 1988, funding for delegate agencies peaked in 1989 at $553,710. In 1990 funding declined to $495,000, followed by further reductions in 1991 to $475,000, and $448,000 in 1992. Examination of inflation-adjusted funding levels reveals the full magnitude of Corporate Budget funding reductions. In 1987 dollars, appropriations fell from $508,457 in 1989 to $365,416 in 1992.

Figure 2
Funding for Delegate Agencies
City of Chicago Corporate Budget

[14]Information on corporate budget-funded agencies can be found in the Finance General Section of the City of Chicago Annual Budget.

Distribution of City of Chicago Community Development Monies

The Department of Planning and Development uses a new planning technique that divides the city into seven Planning Districts. The apparent reason for this approach is to deliver programs and services more efficiently to areas through improved coordination by City agencies. For example, DPD staff are assigned to Planning Districts so that they can become thoroughly familiar with the neighborhoods within them, and so that the communities can become familiar with staff.

The Planning Districts are separated by natural or highly recognizable boundaries. The boundaries separating one planning district from another do not dissect the traditional Chicago community areas, with the notable exception of the Near West Side community which is split between the Central (downtown) Planning District and the West Side Planning District. This is helpful for analysis of Planning Districts using community area data.

While this new planning approach may indeed improve the delivery of services and programs to neighborhoods from an administrative point of view, it is not a "user friendly" tool for researching and analyzing the distribution of publicly subsidized activities across income, poverty, and racial lines. A better methodology for analyzing and comparing differences based on poverty levels would be to incorporate census-tract data into the planning approach. Tract-level data allow planners to understand area characteristics in greater detail than would be possible with larger geographical areas like Planning Districts. A map that combines Planning Districts with poverty rate by tract would permit more in-depth analysis of how resources are distributed.

Allocation of CDBG Funds

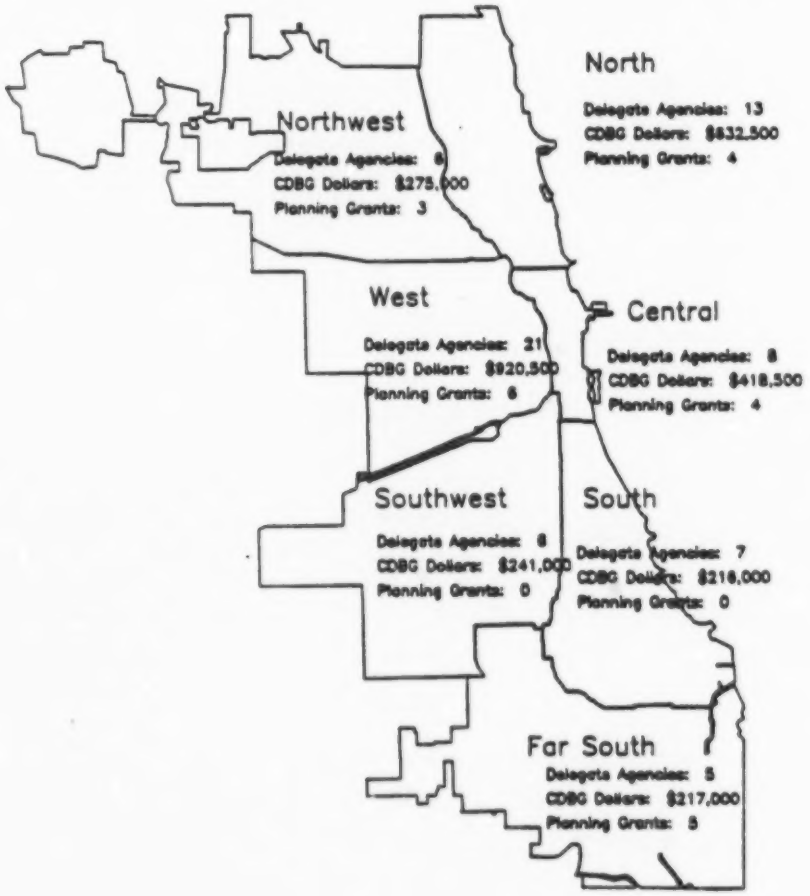
An element of the City of Chicago's economic development strategy has been to promote the maturation and independence of delegate agencies in communities that fall within HUD income-eligibility guidelines. HUD-eligible areas are those that have low- and moderate-income Census tracts in which 51 percent or more of the population has an income below 80 percent of the SMSA median income.

CDBG-funded delegate agencies are widely dispersed throughout Chicago. Map 1 shows the number of CDBG-funded delegate agencies, amount of CDBG funding, and number of planning grants in each of the City of Chicago's seven planning districts. The largest number of CDBG-funded delegate agencies are in the West Planning District (21 agencies), followed by the North District (13 agencies). West side agencies received $920,500 in CDBG funding in 1993, while agencies in the North District received $632,500. The South District received the least amount of CDBG funding. In 1993 the seven South side agencies received $216,500.

Map 1

Distribution of CDBG Funds

City of Chicago Planning Districts



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Allocation of Corporate Funds

The distribution of funding for delegate agencies through the corporate budget is much different than that of CDBG. Unlike CDBG funding, funding through the corporate budget for delegate agencies is not restricted to organizations located in income-eligible areas. Since the source of corporate budget revenue is local taxes, the City has the authority to fund groups in any part of the City.

Map 2 shows the number of corporate budget-funded delegate agencies and the amount of corporate budget funding in the City of Chicago's seven Planning Districts. The largest number of corporate funded agencies are located in the Northwest Planning District (10 agencies), followed by the Far South District (eight agencies). Northwest side agencies received $158,500 in corporate budget funding in 1993, while agencies in the Far South District received $165,500. South, West, Southwest, and Central District agencies received corporate budget funding that ranged between $12,500 and 17,500.

The City of Chicago is funding delegate agencies through the corporate budget primarily in neighborhoods with relatively high median household incomes and where there is a low percentage of residents below poverty. For example, the communities of Forest Glen, Edison Park, Norwood Park, and Jefferson Park, according to the 1990 Census, have respective median family incomes of $59,825, $49,535, $46,749, and $44,502. Together these communities received $64,500 of corporate monies to fund delegate agencies.

In contrast, communities with demonstrated need as exemplified by extremely high poverty rates received no share of corporate allocations. For example, the Oakland, Grand Boulevard, Riverdale, East Garfield, West Garfield, and North Lawndale community areas had percentages below the poverty line ranging from 41 percent to 73 percent. Corporate funding in these communities totaled zero dollars.

Map 3 shows census tracts where between 20 percent and 25 percent of the population is below the poverty level. These tracts are overwhelmingly minority (especially African American) and lie primarily within the South, West, and Southwest Planning Districts. Despite the heavy concentration of poverty-level households in these Planning Districts, corporate funding for delegate agencies serving these populations has been minimal.

Areas with high levels of poverty have demonstrated a tremendous need for community development resources. However, despite this need, funding for delegate agencies through the corporate budget is concentrated in the Northwest and Far South Planning Districts, areas with low levels of poverty (see Map 4 and Map 5).

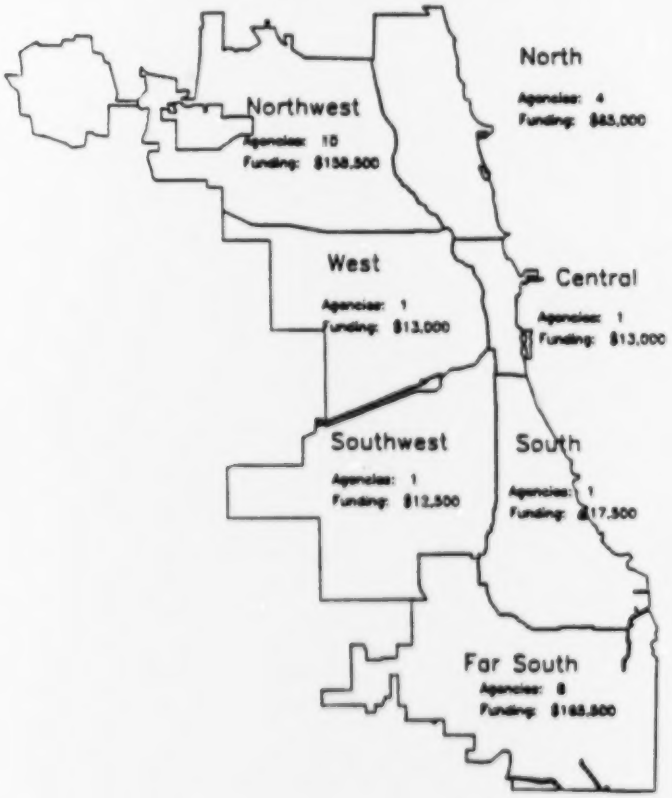
Whereas CDBG funds are distributed across the City's seven Planning Districts in eligible income areas, corporate budget funds are allocated almost entirely outside of low-income neighborhoods.

It is important to note that the concentration of CDBG-funded agencies in low- and moderate-income areas occurs because HUD regulations will not allow these funds to be spent in high-income areas. However, no such restriction exists for corporate budget funds. These funds can be allocated to organizations in any area of the city, regardless of the average income of their constituents.

Map 2

Economic Development Agencies Funded through City of Chicago Corporate Budge

City of Chicago Planning Districts



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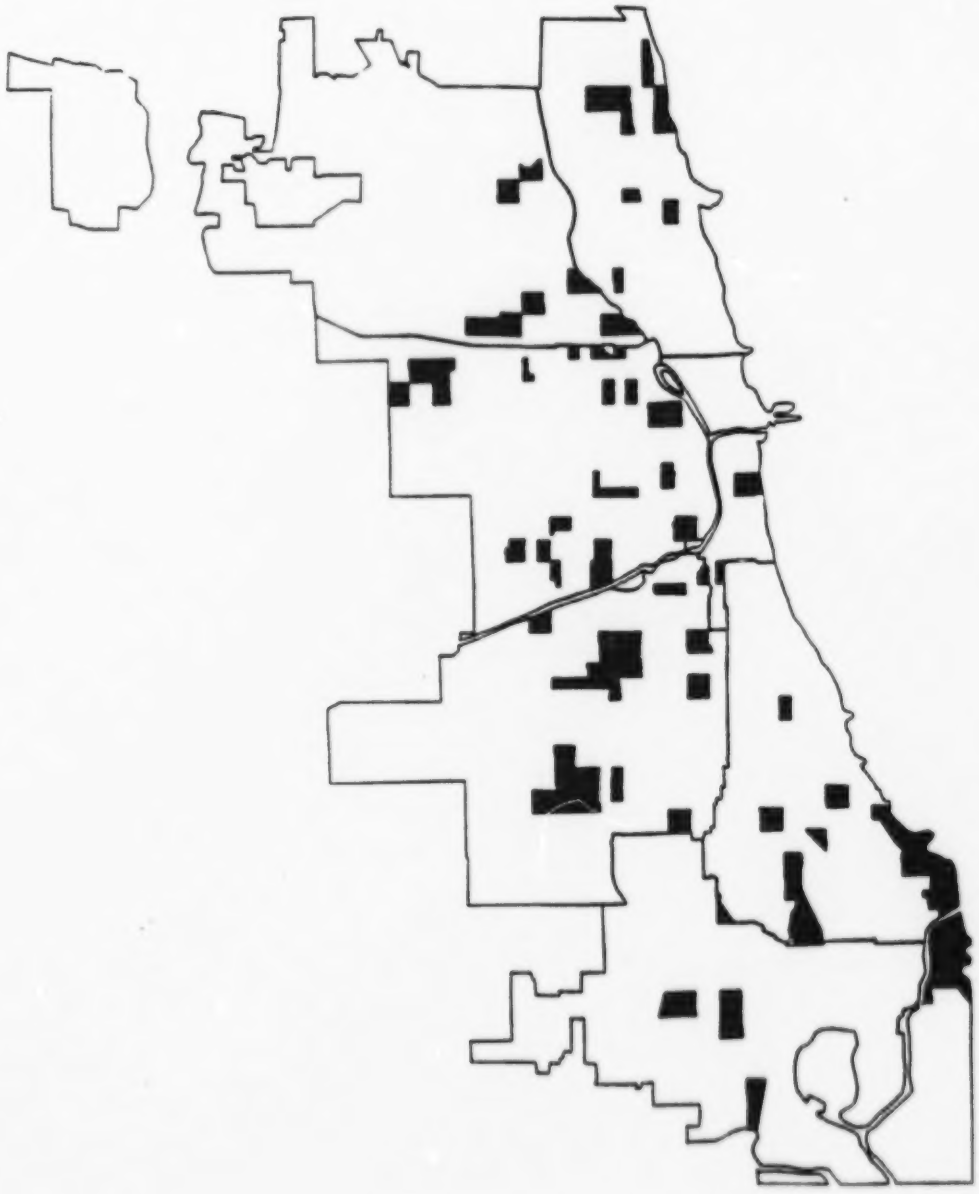
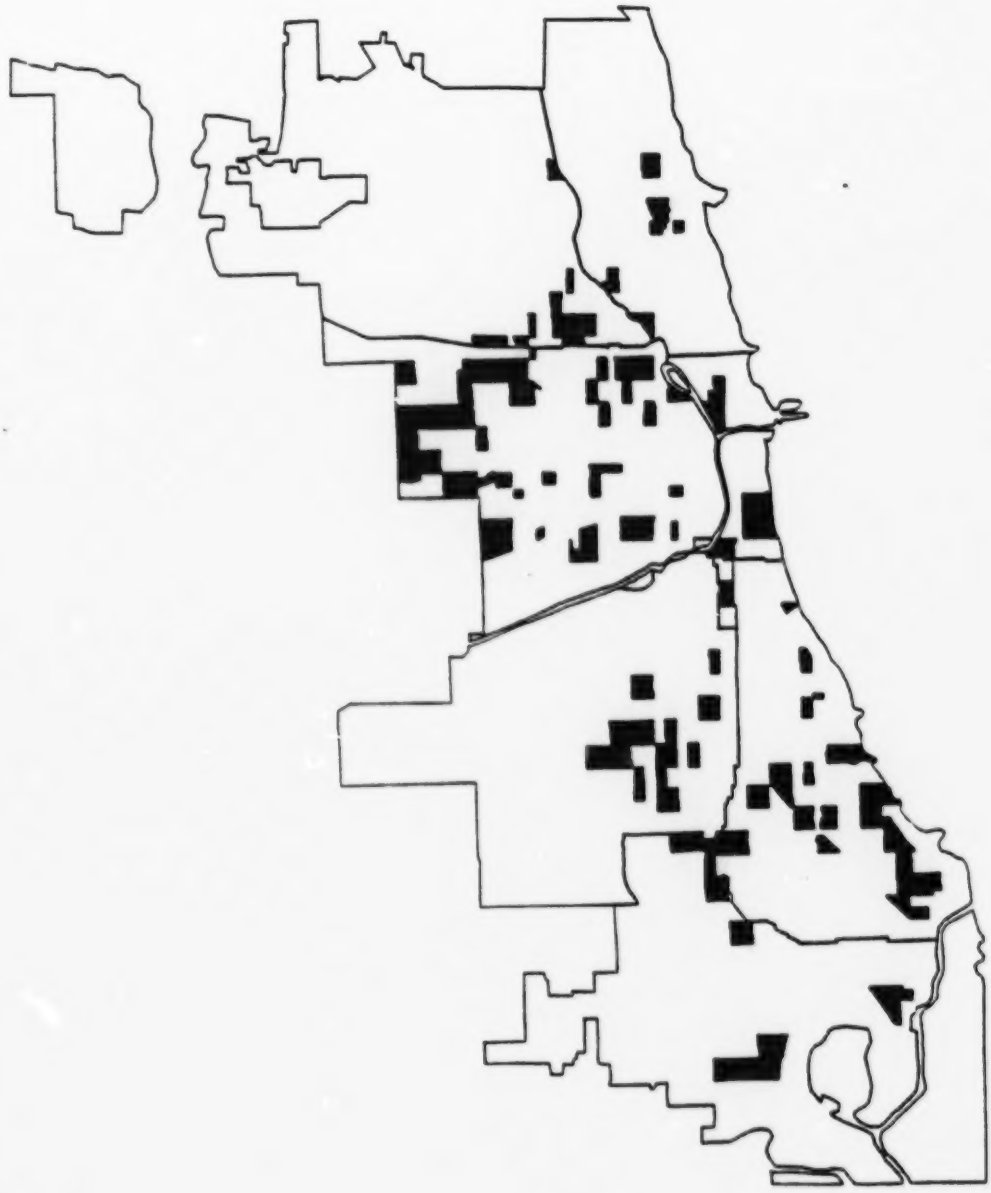
Map 3

Census Tracts with 20% to 25% of the Population Below Poverty
City of Chicago Planning Districts



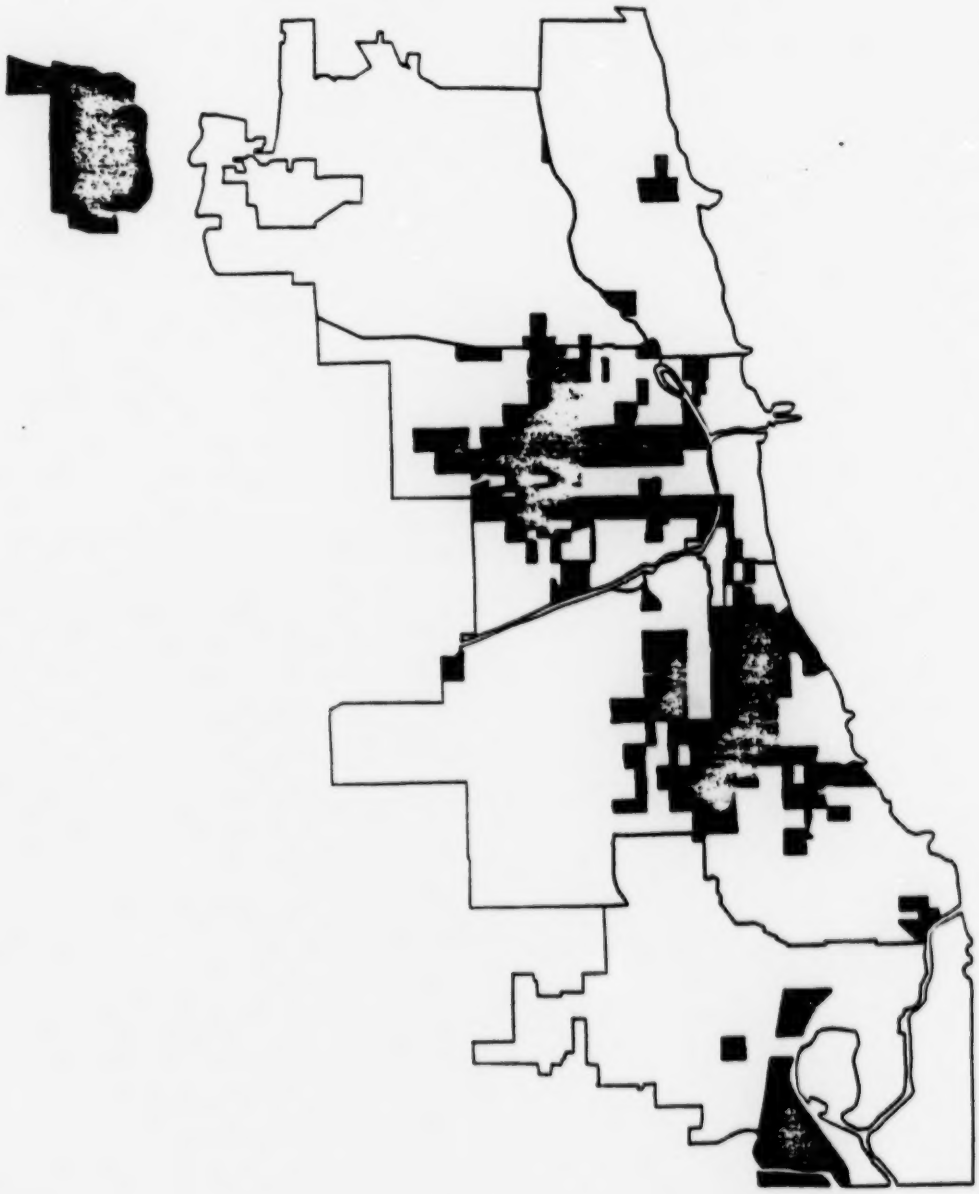
Map 4

Census Tracts with 25% to 35% of the Population Below Poverty
City of Chicago Planning Districts



Map 5

Census Tracts with more than 35% of the Population Below Poverty
City of Chicago Planning Districts



CDBG Funding Per Capita

Table 1 shows CDBG dollars per person rank on a per-capita basis. The Central Planning District has the highest per capita spending among the seven districts.[15] The West Planning District, which contains several of the City's poorest communities, is second. Conversely, the South Planning District which contains the largest number of poor communities in the City is fifth among Planning Districts on a per capita spending basis.

Table 1

CDBG Funding for Delegate Agencies In Chicago
Per-Capita Funding

Planning District	CDBG Dollars	Population	Per Capita Spending
Central	$418,500	92,425	$4.52
West	$537,782	920,500	$1.71
North	$528,781	632,500	$1.19
Far South	$217,000	325,077	$0.67
South	$216,000	378,000	$0.57
Southwest	$241,000	449,802	$0.53
Northwest	$275,00	519,707	$0.53

Table 2 shows how Planning Districts rank according to the percentage of population below poverty. The average household income is also included. If the goal is to distribute/allocate public funds according to need, then per-capita spending in each Planning district would be more closely associated with the percentage of population below poverty or average income. When one compares Table 1 to Table 2, an inconsistent pattern of spending according to poverty is easily observed. This suggests that greater efforts to strategically target spending to assist CDOs in Chicago's most economically distressed communities is needed.

[15]Many city-wide organizations that serve HUD-eligible low- and moderate-income communities have offices in the Central Planning District.

Table 2

Planning Districts Ranked According to Percent of Poverty Population

	Percent below Poverty	Avg. Hsehld. Income
West Planning District	35%	$20,956
South Planning District	32%	22,223
Central Planning District	23%	55,486
Southwest Planning District	19%	26,284
Far South Planning district	16%	29,236
North Planning District	14%	34,246
Northwest Planning District	11%	32,231

This allocation of funding for community economic development is not consistent with the principle of targeting public funds into areas of the economy where market forces have resulted in economic decline. It is also inconsistent with federal policy initiatives for revitalizing the most distressed and needy communities as exemplified by the new Empowerment Zone program. The empowerment zone concept promotes a community-based strategic plan for addressing problems in the most distressed neighborhoods in an area.

Recommendations for Targeting Economic Development Resources to Distressed Areas

Over the past several years, a pattern of City funding for neighborhood economic development activities has emerged: with the exception of CDBG funds, economic development resources from the corporate budget have not been targeted to impoverished South or West side neighborhoods. Instead, areas with moderate- and high-income residents have received funding. A needs-based approach to economic development fund budgeting that emphasize the revitalization of the most economically distressed areas in Chicago would concentrate resources and focus industrial attraction and retention efforts in high poverty areas. The City of Chicago has the latitude to target economically distressed neighborhoods for economic development assistance by directing resources through the corporate budget. Recommendations are:

1. Funding for community development organizations in real dollars has declined significantly over the last several years. Since CDOs are labor-intensive organizations, this decline negatively impacts staffing and makes it difficult for agencies to provide needed services to the neighborhoods that they serve. Since

CDOs play an important role in community development, at a minimum, funding should be maintained at a level that keeps pace with inflation.

2. Typically, the most effective CDOs are the ones that receive funding from the public sector as well as from other sources, and are ones that have been working longer to secure funding. This puts many low-income communities that have not historically had active CDOs working on their behalf at a disadvantage. In order to develop capacity in these communities the public sector, with private sector and foundation support, must make a commitment to nurture the development of CDOs in poverty stricken neighborhoods. Since public sector dollars are limited and CDOs in low-income communities are less able to raise operating revenues from neighborhood sources, greater resources are needed from foundations and corporations for CDOs serving the most economically disadvantage neighborhoods. The public sector should be an advocate to the private sector and foundation community for resources going to low-income neighborhoods.

3. Since the City of Chicago has shown the willingness to allocate revenue from its corporate budget to higher-income neighborhoods for community development purposes, the allocation of revenues for community development organizations should be increased from corporate sources, and this increase should be directed toward organizations serving neighborhoods where more than 25 percent of the population has incomes below the poverty level.

4. Although dividing the City of Chicago into seven Planning Districts may be helpful in the administration of City programs, the composition of each District is so diverse that they do not allow analyses by income, poverty, etc. that could be used to better evaluate areas of greatest need. To allow such analyses, an additional approach is recommended where the city is divided into areas according to poverty profiles and income levels.

Appendix A

YEAR XIX (1993) COMMUNITY DEVELOPMENT BLOCK GRANT

Proposed Statement of Community Development Objectives and Projected Use of Funds

Revenue Source	1993 Amount	1994 Amount
Entitlement from Hud	$111,000,000	$102,000,000
Prior Year Unspent CDBG Funds	19,905,384	20,897,519
CDBG Float Program Interest Income	0	1,000,000
Anticipated Land Sale Revenues	150,000	200,000
Rental Income	0	210,000
Home Administration Reimbursements	0	3,077,000
Loan Repayments	2,700,000	2,733,500
Business Infrastructure Assistance Match	200,000	400,000
Application Fees	13,000	6,500
Health Center Revenues	1,600,000	1,600,000
Client Contributions	13,000	20,000
Grand Total	$135,859,884	$132,144,519

Program Allocation	1993 Allocation	1993 %	1994 Allocation	1994 %
Housing	$48,811,697	36%	$46,669,024	35%
Public Services	$49,814,582	30%	$40,300,393	31%
Economic Development	$23,112,456	17%	$22,979,806	17%
Community Improvements	$13,154,358	10%	$ 9,304,363	7%
Administration and Planning	$ 9,961,761	7%	$12,890,933	10%
Grand Total:	$135,859,884	100%	$132,144,519	100%

Appendix B

CORPORATE FUNDED AGENCIES BY PLANNING DISTRICT

North Planning District

	Community Area	1993 Funding
Old Town Chamber of Commerce	Lincoln Park	$17,000
Lakeview East Development Corp.	Lake View	$14,400
Asian American Chamber of Commerce	Uptown	$13,000
Devon Northtown Business Prof. Assoc.	West Ridge	$10,000

Northwest Planning District

Peterson Pulaski Business & Industrial Council	North Park	$18,500
Northwest Neighborhood Federation	Belmont Cragin	$18,000
Belmont Central Chamber of Commerce	Portage Park	$15,000
Edgebrook Chamber of Commerce	Forrest Glen	$16,000
Korean American Chamber of Commerce	Albany Park	$15,000
Edison Park Chamber of Commerce	Edison Park	$17,500
Norwood Park Chamber of Commerce	Norwood Park	$13,500
Portage Park Chamber of Commerce	Portage Park	$18,000
Jefferson Park Chamber of Commerce	Jefferson Park	$17,500
NORBIC	Avondale	$28,000
Gladstone Park Chamber of Commerce	Albany Park	$10,500

West Planning District

There are no Corporate Budget-funded agencies in the Westside Planning District.

Central Planning District

Apparel Industry Board	Loop	$13,000

Southwest Planning District

Southwest Business Association	Ashburn	$12,500

South Planning District

87th Street/Stony Island Business Association	Avalon Park	$17,500
Southeast Chicago Development Commission	South Chicago	$28,000

Far South Planning District

Calumet Area Industrial Commission	Pullman	$13,000
Hegewisch Chamber of Commerce	Hegewisch	$17,500
Eastside Chamber of Commerce	Eastside	$23,000
Mount Greenwood Chamber of Commerce	Morgan Park	$20,500
Beverly Area Planning Association	Beverly	$20,500
95th Street Beverly Hills Business Association	Beverly	$22,000
Morgan Park Beverly Hills Business Association	Morgan Park	$20,500

Appendix C

1993 CDBG FUNDING FOR THE DELEGATE AGENCY PROGRAM

North Planning District

Andersonville Chamber of Commerce	Uptown	$32,500
East Edgewater Chamber of Commerce	Edgewater	$32,500
Edgewater Development Corporation	Edgewater	$32,500
Howard Paulina Development Corp.	Rogers Park	$80,000
Lakeview Chamber of Commerce	Lakeview	$30,000
Philippine Chamber of Commerce	West Ridge	$22,500
Ravenswood Chamber of Commerce	Uptown	$30,000
Uptown Center Hull House	Uptown	$27,500
Vietnamese Association of Ill.	Uptown	$27,500

Northwest Planning District

Fullerton Avenue Merchant Assoc.	Logan Square	$22,000
Latin American Chamber of Commerce	Avondale	$32,500
Midwest Center for Labor Research	Avondale	$32,500
Milwaukee Chamber of Commerce	Avondale	$30,000
North Pulaski Chamber of Commerce	Hermosa	$30,000
North River Commission/LADCOR	North Park	$50,000
Westtown Concerned Citizens Coalition	Logan Square	$32,500

West Planning District

Austin District Development Corp.	Douglas	$35,000
Bickerdike Redevelopment Corp.	Westtown	$20,000
Chicago Avenue Business Assoc.	Westtown	$27,500
Division Street Business Development	Austin	$30,000
Fifth City Industrial Promotion	East Garfield Park	$32,500
Greater North Pulaski LDO	Humboldt Park	$55,000
Greater Westside Development Corp.	North Lawndale	$32,500
Kinzie Industrial Corp.	Westtown	$55,000
Lawndale Business & Local Development Corp.	East Garfield Park	$32,500
Little Village Chamber of Commerce	South Lawndale	$27,500
Midwest Chicago Ave. Business Association	Humboldt Park	$32,500
Old Milwaukee Ave. Chamber of Commerce	Westtown	$22,500
Renaissance LDC	Near West Side	$10,000
University Village Association	Near West Side	$32,500
Westside Business Improvement Assoc.	Austin	$52,500
Westside Small Business Development Corp.	West Garfield Park	$45,000
18th Street Development	Near West Side	$27,000
18th Street Development Corp.	Near West Side	$55,000

Central Planning District

Black Expo of Chicago	Loop	$42,500
Chicago Business Development Center	Loop	$50,000
Chinatown Chamber of Commerce	Near South Side	$32,500
Cosmopolitan Chamber of Commerce	Near South Side	$60,000
Hispanic Housing Development Corp.	Loop	$30,000
New City YMCA LEED Council	Near North Side	$55,000

Southwest Planning District

South Loop Chamber of Commerce	Bridgeport	$30,000
Back of the Yards Business Assoc.	New City	$47,500
Back of the Yards Neighborhood Council	New City	$57,500
Englewood Business Association	Englewood	$30,000
Greater Englewood LDC	Englewood	$27,000

South Planning District

Ahkenaton Development Corporation	Grand Blvd.	$30,000
Business & Economic Revitalization	Greater Grand Crossing	$22,500
Chatham Business Association	Chatham	$20,000
Grand Blvd. Chamber of Commerce	Grand Blvd.	$28,000
Kenwood Oakland Community Organization	Kenwood	$30,000
South Chicago Chamber of Commerce	South Chicago	$22,500
South Shore Council of Commerce	South Shore	$30,000
The Neighborhood Institute	South Shore	$42,500
United Business Association	Woodlawn	$32,500

Far South Planning District

Brainerd Community Development Corp.	Washington Heights	$25,000
Chicago Roseland Coalition	Roseland	$30,000
Roseland Business Development Council	Roseland	$15,000

Appendix D

1993 FUNDING FOR NEIGHBORHOOD PLANNING GRANTS

North Planning District

American Indian Economic Dev. Assoc.	Uptown	$20,000
East Edgewater Chamber	Edgewater	$15,000
Uptown Chamber of Commerce	Uptown	$125,000
Institute of Cultural Affairs	Uptown	$35,000

Northwest Planning District

North River Commission	Albany Park	$20,000
Midwest Center for Labor Research	Avondale	$25,000

West Planning District

Marrilac House	Near West Side	$20,000
West Loop	Near West Side	$35,000
Agency Metropolitan PGM	East Garfield Park	$20,000
HICA Corporation	East Garfield Park	$25,000

Central Planning District

Claretian Associates	Loop	#20,000
Renaissance Local Development	Near West Side	$20,000
United Neighborhood Organization	Near West Side	$20,000
Center for Urban Economic Development	Near West Side	$56,000
Chicago Association of Neighborhood Development Organizations	Loop	$42,500
Citizens Information Service	Loop	$25,000
Chicago Lawyers Commission	Loop	$30,000
Community Workshop on Economic Development	Near West Side	$40,000

Southwest Planning District

There were no Neighborhood Planning Grants in the Southwest Planning District.

South Planning District

There were no Neighborhood Planning Grants in the Southside Planning District.

Far South Planning District

Developing Communities Committee	Roseland	$25,000
Greater Roseland Area Planning Commission	Roseland	$20,000
Historic North Pullman	Pullman	$25,000
Brainerd Community Development Corp.	Washington Heights	$25,000
Greater Roseland Area Planning Commission	Roseland	$10,000

Appendix E

Use of General Obligation Bond Revenue for Community Development

In the Spring of 1992, the Daley Administration proposed the issuance of a $160 million General Obligation (G.O.) Bond for infrastructure projects. Approximately two-thirds of G.O. Bond funds would be used for street repairs in industrial areas; viaduct improvements and bridge repairs; facility renovation and construction; lighting and security; and environmental safety. The remaining 35 percent, or $54.8 million, would be used for commercial/industrial areas and for street and alley resurfacing. On July 7, 1992 the City Council approved a $150 million G.O. Bond for projects recommended by Mayor Daley.

Portions of the $54.8 million earmarked for commercial/industrial areas and street and alley resurfacing could provide substantial benefits to distressed communities. However, since G.O. Bond projects are typically dispersed throughout the entire city, the amounts available for the most needy communities in all likelihood will be small. For example, if all wards were to share equally in the portion of the bond that would likely be available for community development, then each ward would receive a little more than one million dollars for infrastructure projects. However, one might expect low-income communities to get even less than one million dollars since an unspecified amount of the $54.8 million must go to industrial parks and industrial areas that generally are not located in low-income communities.

Industrial Park Development

A significant portion of the G.O. Bond, approximately $73 million, would be used for the development of seven industrial park sites. The development of these sites is part of the City's industrial retention strategy. One reason firms leave Chicago due to inadequate space for expansion. In an effort to stem the loss of businesses to the suburbs and other regions in the U.S., the City, at the urging of several community groups, has unveiled plans for building industrial parks in different sections of the City.

Three industrial parks are located in moderate-income areas and one is in an upper-income area. The seven sites that have been identified are located on the Northwest, West, and Southwest sides of the City. None of the industrial sites are located on the South side of the City where high rates of unemployment and poverty exist.[14]

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[14]Charles Siler, "City's industrial park plan faces hard climb," *Crain's Chicago Business*, September 7, 1992, p. E 10.

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